

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 89-45-C - ORDER NO. 89-923
SEPTEMBER 20, 1989

IN RE: Application of Chester Long Distance) ORDER
Services, Inc. for a Certificate of) GRANTING
Public Convenience and Necessity.) CERTIFICATE

On June 2, 1989, Chester Long Distance Services, Inc. (CLDS) filed an Application with the Public Service Commission of South Carolina (the Commission) requesting that the Commission grant CLDS a Certificate of Public Convenience and Necessity to operate as a reseller of interexchange telecommunication services in the State of South Carolina. CLDS intends to offer its services in selected South Carolina exchanges by utilizing the service offerings and facilities of various exchange carriers, facility based interexchange carriers and carriers' carriers certified to render service in South Carolina. The Application was filed pursuant to S.C. Code Ann. Sections 58-9-520 and 58-9-280 (1976), as amended.

The Commission's Executive Director instructed the Company to publish a prepared Notice of Filing in newspapers of general circulation in the affected areas, once a week for two consecutive weeks. The purpose of the Notice of Filing was to inform interested parties of the nature of the Application and the manner

and time in which to file the appropriate pleadings for participation in the proceeding. Thereafter, the Company provided the Commission with proof of publication of the Notice of Filing. The Notice also appeared in the State Register. Vol. 13, Issue No. 7, dated July 28, 1989.

Petitions to Intervene were filed by the following: Southern Bell Telephone and Telegraph Company (Southern Bell) and the South Carolina Department of Consumer Affairs (the Consumer Advocate).

A hearing was commenced Wednesday, September 6, 1989, at 2:30 p.m. in the Offices of the Commission, the Honorable Caroline H. Maass, presiding. M. John Bowen, Jr., Esquire, represented CLDS; Harry M. Lightsey, III, Esquire, represented Southern Bell; Carl F. McIntosh, Esquire, represented the Consumer Advocate; and Marsha A. Ward, General Counsel, represented the Commission Staff.

CLDS presented the testimony of James F. Hicklin, Treasurer, of CLDS in support of the Application. Southern Bell presented the testimony of C. L. Addis, Staff Manager-Regulatory Matters in support of its position.

Mr. Hicklin provided a brief overview and explanation of the request of CLDS for certification to operate as a reseller of interexchange telecommunications services in South Carolina. He stated that CLDS intends to provide nationwide interexchange service for its customers by utilizing the service offerings and facilities of an interexchange carrier with facilities and certification to render service in South Carolina. Mr. Hicklin stated that an interexchange carrier had not yet been selected by

CLDS, but that contract negotiations were taking place and would be completed soon. Witness Hicklin stated that CLDS plans to initially provide dial station-to-station message telecommunications service. Additional classes of service such as calling card, operator station-to-station and person-to-person may be provided as these services are appropriate. Mr. Hicklin stated that through this application, CLDS seeks authority to provide intrastate interLATA services. For any intrastate intraLATA traffic which may occur, CLDS will compensate affected local exchange carriers as provided for by this Commission. Initially, CLDS plans to serve customers in South Carolina in the Chester, Great Falls and Lewisville Exchanges. Mr. Hicklin stated that CLDS will provide customers greater convenience in obtaining services required to meet their telecommunications needs while retaining high quality long distance services. Customers will be able to deal with the local business that is attuned to the specific needs of customers in South Carolina, and rates will be reasonable and competitive with prevailing interexchange carriers' rates. Mr. Hicklin stated that customers will be able to receive a single bill for all communications services, thus eliminating confusion and administrative problems. CLDS gives its customers the opportunity to do business as they have in the past and to serve the public interest effectively and adequately. Mr. Hicklin stated that the proposed tariff in its Application would be its maximum rates that the Company proposed to charge. Mr. Hicklin also stated the CLDS has the technical and financial resources

available to enable it to offer quality services. He stated that CLDS has contracted with the local exchange company in Chester to utilize its management and technical Staff, billing and collection service and repair services which permits its customers to receive one bill for telephone service and permits them to call one number for any telephone service, billing or repair problem. CLDS is a wholly owned subsidiary of the Chester Telephone Company and, therefore, has the resources of Chester Telephone available to it.

Southern Bell's witness Addis expressed Southern Bell's concerns over portions of the Application. Mr. Addis stated the CLDS should be subject to the exact terms, conditions and limitations imposed by the Commission on every other carrier providing long distance services in South Carolina. According to witness Addis, this would require CLDS to complete originated intraLATA calls over intraLATA only WATS, MTS, resold foreign exchange service or resold private line service or alternatively, block intraLATA calls and to compensate the LEC for any incidental or accidental intraLATA calls pursuant to Order No. 86-793 issued in Docket No. 86-187-C on August 5, 1986.

Based on the Commission's review of the record and the evidence presented, the Commission makes the following findings of fact and conclusions of law:

1. That Chester Long Distance Services, Inc. is a wholly-owned subsidiary of Chester Telephone Company.
2. The fact that Chester Long Distance Services, Inc. and Chester Telephone Company are related corporations and are in a

parent-subsidiary relationship, causes the Commission some concern and the Commission will herein require certain safeguards to be instituted by Chester Long Distance Services, Inc. to maintain a Certificate of Public Convenience and Necessity.

3. That a Certificate of Public Convenience and Necessity should be granted to CLDS to provide intrastate, interLATA service through the resale of intrastate wide area telecommunications services (WATS), message telecommunications service (MTS), foreign exchange services and private line services, or any other services authorized for resale by tariffs of facility based carriers approved by the Commission.

4. That all intrastate intraLATA calls must be completed over intraLATA wide area telephone service (WATS), message toll service (MTS) or private and foreign exchange lines which have been approved for resale. Any intraLATA calls not completed in the manner would be considered unauthorized traffic and CLDS will be required to compensate local exchange carriers for any unauthorized intraLATA calls it carrier pursuant to Commission Order No. 86-793 in Docket No. 86-197-C.

5. That the Commission herein adopts the rate design for CLDS which includes only a maximum rate level for each tariff charge. A rate structure incorporating a maximum rate level with the flexibility for adjustment below the maximum rate level has been previously adopted by this Commission. IN RE: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C on August 2, 1984.

6. That while the Commission is conscious of the need for resellers to adjust rates and charges timely to reflect the forces of economic competition, rate and tariff adjustments below the approved maximum levels should not be accomplished without notice to the Commission and the the public. CLDS shall incorporate provisions for filing of proposed rate changes and publication of notice of such changes two weeks prior to the effective date of such changes, and affidavits of publication must be filed with the Commission. Any proposed increase in the maximum rate levels reflected in the tariffs of CLDS which should be applicable to the general body of subscribers would constitute a general ratemaking proceeding which would be treated in accordance with the notice and hearing provisions of S.C. Code Ann., Section 58-9-540 (Cum. Supp. 1988).

7. That CLDS shall be issued and may continue to hold its Certificate of Public Convenience and Necessity as long as the following safeguards are instituted and employed by Chester Long Distance Services, Inc. and employed and implemented by its related local exchange company, Chester Telephone Company:

- a. That Chester Telephone Company make available to all requesting interexchange carriers the identical contractual services at the same terms provided to CLDS.
- b. That all confidential information received from any interexchange carriers by Chester Telephone Company should be protected from CLDS unless all other interexchange carriers are given access to the identical information.
- c. That the contracts between CLDS and Chester Telephone Company are subject to review by the Commission, including the reasonableness of the

rates.

- d. That CLDS should implement the Non-regulated Accounting Procedures (NAP) so that the Commission will be provided with adequate assurance that all appropriate costs associated with CLDS, direct and allocated, will be recorded on CLDS's books, and that no cross-subsidization will occur between CLDS and Chester Telephone Company.
- e. That safeguards should be employed by CLDS in any future equal access pre-subscription process to insure that CLDS will not receive any preference in that procedure and that all carriers have been treated fairly.

8. That CLDS is hereby ordered to file tariffs to reflect the findings herein within thirty (30) days from the date of this Order.

9. That CLDS is subject to access charges pursuant to Commission Order No. 86-584 in which the Commission determined that the reseller should be treated similarly to facility-based interexchange carriers for access purposes.

10. That the Consumer Advocate's Motion to require CLDS to come before the Commission to request additional authority to provide operator services by either filing a tariff or requesting certification is denied in part and granted in part. Based on the Commission's granting of interexchange carrier resell authority and approving CLDS's Application, CLDS has the authority to provide operator service if such service is determined to be needed or appropriate. However, before CLDS would be able to offer any new service offering, including operator services, a tariff would necessarily be required to be filed with the Commission for the Commission's approval.


11. That the Consumer Advocate's Motion that the Commission should require CLDS to file as part of its tariff the name of the long distance carrier it has contracted with to provide the underlying long distance transmission is denied. The Commission finds that it is not in the public interest to require a reseller to tie itself by tariff to a facility based carrier. The Commission sees the need for resellers to be able to change carriers or to even use multiple carriers. To require a reseller to change its tariff every time it changed or added carriers would be an undue burden on the resellers and could possibly cause harm to the subscribers if the reseller could not readily switch to a less costly carrier. The Commission does recognize a need and the public interest to have the name of the carrier to verify that the underlying carrier is certified in South Carolina. Therefore, CLDS will be required to notify the Commission in writing as to its underlying carrier or of any change in its carrier. Such information will be available for public inspection.

IT IS THEREFORE ORDERED:

1. That a Certificate of Public Convenience and Necessity to provide intrastate, interLATA long distance service be, and hereby is granted to Chester Long Distance Services, Inc. subject to the Commission findings herein.

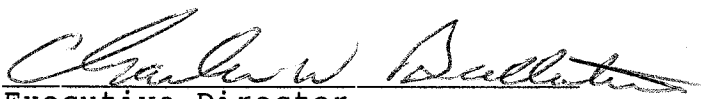
2. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Chairman

ATTEST:



Executive Director

(SEAL)